

October 2021 Quarterly Update

Quarterly Status of Outstanding Capital Funds

- As of October 2021, the total outstanding capital outlay funds total approximately \$2.3 billion, including capital authorized in previous years (\$1.8 billion), and supplemental severance tax bonds (SSTB) for public school capital outlay (\$569 million). “Outstanding funds” include unspent but encumbered funds for capital projects in process.
- Of the \$1.8 billion, 3,663 projects remain outstanding from all funding sources, including \$185 million of earmarked funds for water (\$87.6 million), colonias (\$49.3 million), and tribal (\$48.1 million) infrastructure projects. **See Attachments B, C, and D for projects.**
- Unexpended fund sources include severance tax bonds (STB) 54 percent (\$1 billion), general fund (GF) 24 percent (\$428.3 million), general obligation bond (GOB) 16 percent (\$281.5 million), and other state funds (OSF) 6 percent (\$101.5 million).
- Proceeds from the 2020 GOB (\$198.5 million) and funds for the 2021 projects (\$555.4 million) became available in May and June 2021, respectively, so these projects have had minimal time to develop.
- In June, the Board of Finance did not issue bonds for 116 authorized projects (\$31.2 million) due to non-readiness and not meeting audit compliance. The projects include 112 local projects (\$28.3 million) and four statewide projects (\$2.9 million). **See Attachment E for projects.**
- The 2022 estimated bond capacity from August 2021 indicates approximately \$1.2 billion will be available for capital projects. The total includes STB (\$553.3 million), earmarked funds (\$128.4 million), SSTB for public schools (\$266.9 million), and GOB (\$244.5 million). A revised capacity estimate will be provided in December 2021.

2016-2021 Capital Outlay All Fund Sources

(in millions)

Year	Number of Total Appropriations	Amount of Total Appropriations	Outstanding Projects				Percent of Total Expended
			Number of Projects	Amount Appropriated	Amount Expended	Amount Unexpended	
2016	963	\$472.5	10	\$15.0	\$11.2	\$3.8	99%
2017	155	\$38.5	1	\$.6	\$.1	\$.5	99%
2018	1016	\$420.3	275	\$250.4	\$132.9	\$117.5	72%
2019	1758	\$1012.3	871	\$731.8	\$337.7	\$394.0	61%
2020	1335	\$745.2	1148	\$694.5	\$84.1	\$610.4	18%
2021	1370	\$660.2	1358	\$654.0	\$3.8	\$650.1	2%
Total	6,597	\$3,349.1	3,663	\$2,346.2	\$569.9	\$1,776.3	47%

Sources: Capital Projects Monitoring System, New Mexico Finance Authority, Indian Affairs Department

- As demonstrated in the table below, projects totaling 73 percent (\$1.2 billion) of the unexpended balances have not started construction.

**2016-2021 Capital Outlay Funding
Outstanding Capital Projects by Phase**

(in millions)

Phase	Number of Projects	Amount Appropriated	Amount Expended	Amount Unexpended	Percent Expended for Phase
Not Budgeted or No Executed Grant Agreement	1362	\$662.5	\$39.2	\$623.3	6%
Plan & Design	1,019	\$595.0	\$54.3	\$540.6	9%
Construction or Purchase	1,085	\$867.4	\$440.0	\$427.3	51%
Total	3,466	\$2,124.9	\$533.5	\$1,591.2	25%

Source: Capital Projects Monitoring System

*Excludes Earmark Projects

- The following table shows the expenditure rate of capital projects by category and year. State agency appropriations between 2018 and 2021 have the highest expenditure rate. Higher education and earmarked capital projects have a significantly higher expenditure rate than local projects.

**2018-2021 Capital Outlay
Percent of Total Appropriations Expended by Category**

Year	Statewide	Local	HED	Earmarks
2018	76%	67%	48%	99%
2019	60%	45%	66%	66%
2020	25%	19%	4%	22%
2021	1%	1%	1%	0%
Total	41%	26%	31%	32%

Sources: Capital Projects Monitoring System, New Mexico Finance Authority, Indian Affairs Department

- Approximately \$343 million of the remaining balance appropriated from GF and STB is for state-owned projects, the majority authorized in 2019.

**2018-2021 Capital Outlay Funding
State-Owned* GF and STB Outstanding Projects**

(in millions)

Year	Number of Projects	Amount Appropriated	Amount Expended	Amount Unexpended	Percent of Outstanding Expended
2018	26	\$39.4	\$36.0	\$3.5	91%
2019	77	\$242.1	\$147.2	\$95.0	61%
2020	79	\$101.5	\$23.0	\$78.6	23%
2021	84	\$167.8	\$1.9	\$165.9	1%
Total	266	\$551.	\$208.	\$343.0	38%

Source: Capital Projects Monitoring System

*Excludes HED projects

- As demonstrated on the next table, DFA Local Government Division oversees the largest number of projects, most are local projects. Higher education and General Services Department projects have significant outstanding balances due to the type of projects, major renovation and construction.

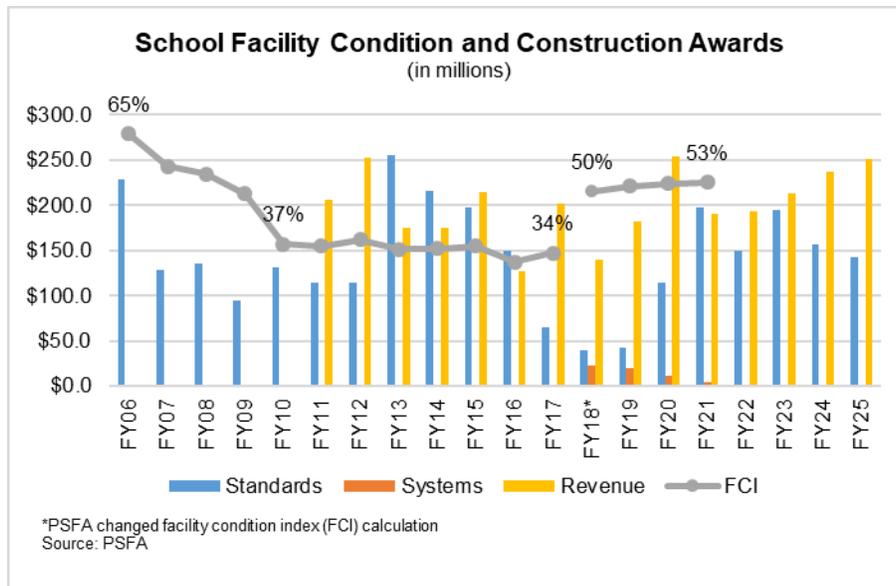
2016-2021 Capital Outlay Outstanding Projects by Select Agencies
(in millions)

Administering Agency	Number of Projects	Amount Appropriated	Amount Expended	Amount Unexpended	Percent of Total Expended
Higher Education Institutions	496	\$530.6	\$125.7	\$404.9	24%
Department of Finance & Administration	1098	\$434.2	\$76.7	\$357.5	18%
General Services Department	74	\$252.3	\$108.3	\$144.0	43%
Department of Transportation	276	\$149.8	\$17.0	\$132.8	11%
Indian Affairs Department	344	\$137.0	\$23.7	\$113.3	17%
Environment Department	334	\$114.3	\$13.9	\$100.4	12%
Department of Information Technology	15	\$73.4	\$24.7	\$48.7	34%
Aging and Long-Term Services	257	\$56.7	\$5.3	\$51.4	9%
State Engineer	179	\$58.5	\$8.3	\$50.2	14%
Other Agencies	1,340	\$1037.3	\$294.1	\$743.2	28%
Total	3,466	\$2,124.8	\$533.5	\$1,591.3	25%

Sources: Capital Projects Monitoring System

Public School Capital Outlay

- Since 2010, \$1.6 billion has been awarded from the Public School Capital Outlay Fund (PSCOF) for standard and system awards. The School Facility Condition Index remained relatively stable during this period.
- Beginning in 2017, PSCOF revenue consistently exceeded awards, and this trend is expected to continue.
- School facilities in some districts are almost entirely new, resulting in reduced demand for funding. A 2019 formula change will also reduce the state match for many districts.



Capital Trends

- The Bureau of Labor Statistics reported that the producer price index for new nonresidential construction—a measure of what contractors charge to erect nonresidential buildings—rose 5.2 percent over the past 12 months. Materials and labor used in construction increased 17 percent year-over-year between September 2020 and September 2021. Increases in material prices include steel mill products (134 percent), copper and brass mill products (39.5 percent), aluminum mill shapes (35 percent), plastic construction products (29.5 percent), gypsum products (23 percent), insulation materials (19 percent), and prepared asphalt and tar roofing (13 percent). Lumber and plywood fell 12 percent during the same period.

\$1 Million and Greater Report (Attachment A)

As of October 2021, LFC staff tracks all capital appropriations of \$1 million or greater for 498 projects totaling \$1.9 billion with unexpended balances of approximately \$1.3 billion.

- Since October 2021, 20 appropriations totaling \$89.6 million were fully expended or reverted.

Major Projects Completed This Quarter				
Agency	Project Description	Year	Fund	Appropriation Amount
ALTS	2016 Senior Center Renovation - Code Compliance, Other Alterations, Equipment, Major Construction, & Vehicles (Multiple Projects)	2016	GOB	\$15,243,300
DFA	DFA MFA Weatherize/Improvements Affordable Housing	2019	GF	\$1,000,000
DFA	Albuquerque International District Library Construction	2019	GF	\$1,916,000
DFA	San Juan County Regional Film Studio Construction	2019	GF	\$1,000,000
DoIT	DOIT Radio Communications Stabilization/Modernization	2018	STB	\$10,000,000
DOT	Dona Ana International Jetport at Santa Theresa Runways	2018	STB	\$1,138,000
DOT	Alamo Street Construct Otero County	2019	GF	\$1,250,000
EDD	LEDA Projects Statewide (2016 SB 8 Solvency Swap from General Fund to STB)	2016	STBR	\$21,550,000
DGF	Habitat Restoration & Property Improvements	2018	SA/GPF	\$1,000,000
DGF	Habitat Restoration & Property Improvements	2018	BGE/GPF	\$1,750,000
DGF	Hatchery Improvements	2018	BIRF	\$1,000,000
GSD	DPS Santa Fe Evidence Center and Crime Lab	2016	GOB	\$7,000,000
GSD	Reauth - New Mexico Behavioral Health Institute & New Meadows	2019	CPFR	\$14,097,319
GSD	HSD Amador/Sammons/Murray Building Renovations	2018	STB	\$1,500,000
HED	NMJC Infrastructure Improvements	2018	GOB	\$2,500,000
IAD	Santa Clara Pueblo Community Health Program Office Renovation	2019	GF	\$1,030,000
IAD	Picuris Pueblo Solid Waste Transfer Station	2019	GF	\$1,035,000
MCMC	Purchase Mobile Outreach Van, Security Equipment	2019	MTFR	\$1,100,000
EXPO	EXPO NM State Fairgrounds & Infrastructure Improvements	2018	STB	\$1,500,000
PED	PED Public School Library Resource Acquisitions	2016	GOB	\$3,000,000

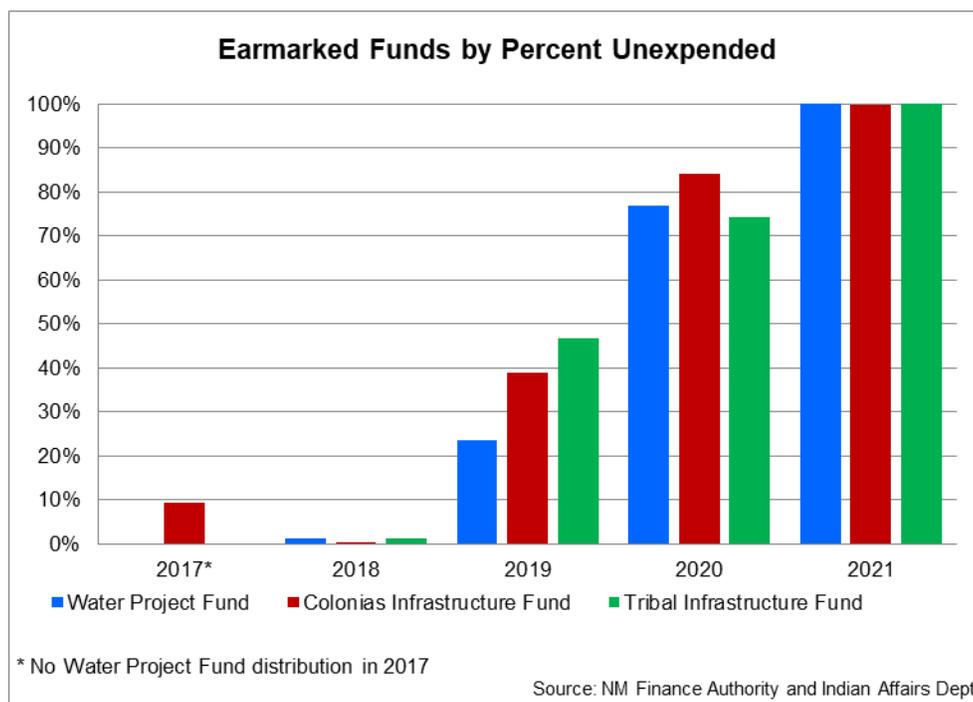
- Red-rated projects indicate no progress, bonds not issued due to non-readiness, or significant obstacles for completion. Challenges for red-rated projects may include lack of planning, inadequate funds to fulfill a functional phase, and limited resources at the local level. In addition, the pandemic presented challenges and delays for both grantees and contractors.

Red-Rated Projects					
Agency	Project Description	Year	Fund	Appropriation Amount	Unspent Balance
BA	Border Authority Santa Teresa to Sunland Park Rd Extension	2019	GF	\$3,000,000	\$3,000,000
BA	Border Authority Columbus LPOE Flood Control	2019	GF	\$3,500,000	\$3,500,000
BA	Border Authority Columbus POE Infrastructure	2020	STB	\$1,500,000	\$1,500,000
DCA	Tribal Libraries Acquisitions	2018	GOB	\$750,000	\$700,579
DFA	Santa Fe Airport Parking Facility Expansion	2018	STB	\$1,500,000	\$1,274,139
DFA	Lea County Courthouse Renovation	2019	GF	\$1,000,000	\$990,000
DFA	San Felipe Pueblo Community Center & Council Chambers	2019	GF	\$1,500,000	\$1,485,000
DFA	Statewide Local Emergency Infrastructure Projects	2020	GF	\$4,000,000	\$4,000,000
DFA	San Juan County Regional Hospital Rehabilitation Facility Farmington Renovation	2020	STB	\$2,215,000	\$2,192,850
DFA	Albuquerque Housing Authority Public Housing Renovation	2020	STB	\$1,500,000	\$1,485,000
DFA	Albuquerque Westside Sports Complex Construction	2020	STB	\$1,072,000	\$1,061,280
DFA	Raton Ladder Truck	2021	STB	\$1,100,000	\$1,100,000
DFA	Santa Fe County Recovery Center Facility Expansion	2021	STB	\$1,305,000	\$1,305,000
DFA	Santa Fe Parks Upgrades	2021	STB	\$1,000,000	\$1,000,000
DFA	Santa Fe Southside Teen Center Construction	2021	STB	\$1,805,000	\$1,805,000
DFA	Santa Fe Midtown Infrastructure Construction	2021	STB	\$1,000,000	\$1,000,000
DoIT	DOIT Albuquerque Radio Communication Bureau Building Renovation	2020	STB	\$1,000,000	\$990,000
DOT	Paseo Del Volcan Construction Bernalillo and Sandoval Counties	2018	STB	\$1,869,500	\$1,869,500
DOT	Paseo Del Volcan Construction Bernalillo County & Sandoval County	2019	GF	\$3,911,500	\$3,911,500
DOT	Reauth - Interstate 40 And Paseo Del Volcan Intersection	2019	STBR	\$1,467,600	\$1,467,600
DOT	Allison Rd Improvements McKinley County	2019	GF	\$1,500,000	\$1,479,221
DOT	Chama to Tierra Amarilla Gas Pipeline Construction	2019	GF	\$2,000,000	\$2,000,000
DOT	East Aztec Arterial Route Construct San Juan County	2019	GF	\$3,158,000	\$3,158,000
DOT	East Aztec Arterial Route Construction	2015	STBR	\$1,190,413	\$1,190,413
DOT	East Aztec Arterial Route Construction	2014	STBR	\$3,525,703	\$3,525,703
DOT	Isleta Boulevard Improve	2020	STB	\$1,050,000	\$1,050,000
DOT	Mountain Valley Rd Improve Bern Co	2021	STB	\$1,000,000	\$1,000,000
NMED	Curry & Otero Counties Water System Decontamination -STB	2020	STB	\$3,000,000	\$3,000,000

Red-Rated Projects					
GSD	DOH Fort Bayard Water Infrastructure	2019	GF	\$4,500,000	\$3,831,619
GSD	Oil Conservation District Office - Artesia	2016	STBR	\$1,000,000	\$857,987
HED	Dine College Shiprock Agriculture Multipurpose Center	2021	STB	\$1,100,000	\$1,089,000
HED	Navajo Tech Academic Building Improvements	2018	GOB	\$3,700,000	\$3,700,000
HED	SIPI Library & Buildings Renovations	2016	GOB	\$2,000,000	\$1,419,112
IAD	Acoma Pueblo Natural Gas Distribution System	2019	GF	\$3,342,795	\$3,335,475
IAD	Cochiti Pueblo Multi-Use Facility	2019	GF	\$1,061,550	\$940,459
IAD	San Felipe Pueblo Water Lines Replacement	2019	GF	\$1,231,200	\$1,231,200
IAD	Nambe Pueblo Administration Building Construction	2019	GF	\$1,880,000	\$1,810,350
IAD	San Ildefonso Museum & Cultural Center Construction	2019	GF	\$2,016,000	\$1,173,911
IAD	Shiprock Chapter Emergency Response Command Center	2020	GF	\$3,000,000	\$2,970,000
NMIMT	NM Tech Brown Hall Renovations / Parking & Safety Lights	2018	GOB	\$7,100,000	\$5,882,690
NMMI	NMMI Roof Renovations	2020	GOB	\$3,000,000	\$3,000,000
EXPO	EXPO NM African American Performing Arts Center Kitchen Addition	2019	GF	\$1,700,000	\$1,700,000
OSE	San Acacia Reach Levee	2016	WPFR	\$2,000,000	\$1,400,000
PED	Las Vegas City PSD Youth Center	2020	STB	\$1,400,000	\$1,386,000
SA	Spaceport Transportation Infrastructure Improvements	2008	STBR	\$7,500,000	\$289,222

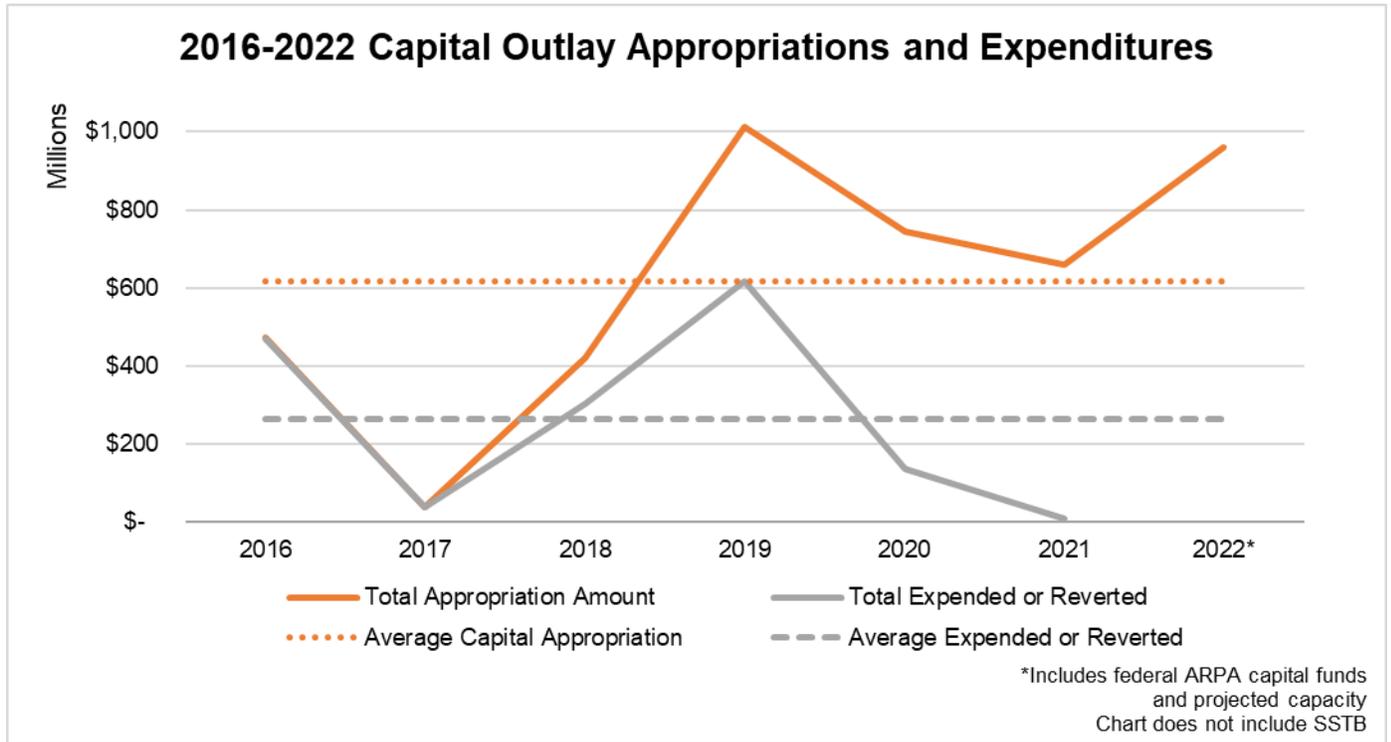
Status of Earmarked Funds (Attachments B, C, and D)

The graph below summarizes, by year, the percent of all unexpended awards from earmarked funds (water, colonias, and tribal funds).



Key Takeaways

Major capital investments for consecutive years have contributed to large outstanding project balances. With the forecast of strong capital revenues and incoming federal funds, the state will experience growing bottlenecks while allocating more funds to public infrastructure. Robust programming, planning, timely expenditures and achieving functional results will be paramount to successful capital investments.



Note: Data for quarterly and \$1 million or greater reports is derived from DFA, state agencies and the Capital Project Monitoring System, which is operated and maintained by DFA. Data is updated quarterly by state agencies and monthly by local entities responsible for oversight of the projects and includes expenditures, project status, milestones achieved last quarter, and projected milestones. The \$1 million or greater and quarterly reports are posted on the LFC website under “*Publications and Reports*” at <http://www.nmlegis.gov/lcs/lfc/lfccapital.aspx>.